

Table 1
Calculation of Regulatory Income Taxes for Newly Regulated Hydroelectric Facilities (Per Ex. N2-1-1 for 2014 and 2015) (\$M)
Years Ending December 31, 2012, 2014 and 2015

Line No.	Particulars	Note	Estimated 2012 Actual ¹	2014 Plan	2015 Plan
	Determination of Regulatory Taxable Income				
1	Regulatory Earnings Before Tax	2, 3	(85.1)	118.9	177.4
	Additions for Regulatory Tax Purposes:				
2	Depreciation and Amortization	4	58.6	62.2	63.1
3	Nuclear Waste Management Expenses		0.0	0.0	0.0
4	Receipts from Nuclear Segregated Funds		0.0	0.0	0.0
5	Pension and OPEB/SPP Accrual	5	43.8	60.2	56.0
6	Regulatory Asset Amortization - Bruce Lease Net Revenues Variance Account		0.0	0.0	0.0
7	Regulatory Liability Amortization - Income and Other Taxes Variance Account		0.0	0.0	0.0
8	Adjustment Related to Financing Cost for Nuclear Liabilities		0.0	0.0	0.0
9	Taxable SR&ED Investment Tax Credits		0.3	0.0	0.7
10	Other		5.1	5.4	5.6
11	Total Additions		107.8	127.8	125.4
	Deductions for Regulatory Tax Purposes:				
12	CCA	6	90.9	84.3	83.8
13	Cash Expenditures for Nuclear Waste & Decommissioning		0.0	0.0	0.0
14	Contributions to Nuclear Segregated Funds		0.0	0.0	0.0
15	Pension Plan Contributions	7	25.3	31.9	36.9
16	OPEB/SPP Payments		6.8	8.0	8.7
17	Reversal of Return on Rate Base Recorded in Capacity Refurbishment Variance Account		0.0	0.0	0.0
18	SR&ED Qualifying Capital Expenditures		0.4	0.0	0.0
19	Other		0.0	0.0	0.0
20	Total Deductions		123.4	124.2	129.4
21	Regulatory Taxable Income (line 1 + line 11 - line 20)		(100.7)	122.6	173.5
22	Regulatory Income Taxes - Federal (line 21 x line 26)		(15.1)	18.4	26.0
23	Regulatory Income Taxes - Provincial (line 21 x (line 27 + line 28))		(10.1)	12.3	17.4
24	Regulatory Income Taxes - SR&ED Investment Tax Credits		(0.1)	(0.7)	(0.7)
25	Total Regulatory Income Taxes (line 22 + line 23 + line 24)	8	(25.3)	29.9	42.7
	Income Tax Rate:				
26	Federal Tax		15.00%	15.00%	15.00%
27	Provincial Tax		11.00%	11.00%	11.00%
28	Provincial Manufacturing & Processing Profits Deduction		-1.00%	-1.00%	-1.00%
29	Total Income Tax Rate		25.00%	25.00%	25.00%

Notes:

- OPG did not prepare separate financial results for the newly regulated hydroelectric facilities in 2012, as the financial results for all of OPG's unregulated hydroelectric facilities were combined for external and internal reporting purposes. Using best efforts, OPG has estimated the 2012 stand-alone financial results and resulting regulatory income taxes for the newly regulated hydroelectric facilities by leveraging the 2012 historical information provided in the EB-2013-0321 application.
- Regulatory Earnings Before Tax for 2012 are based on the estimated accounting Earnings (Loss) Before Interest and Taxes of \$(16M) as shown at Ex. L-2-1-1 Staff-008, Att. 1, Table 1 and the hypothetical deemed interest expense calculated using the 2012 newly regulated hydroelectric illustrative rate base amount of \$2,528.3M (Ex. B2-1-1 Table 1, col. (c), line 19 plus Ex. B2-5-1 Table 2, col. (c), line 9) and a capital structure of 53% debt and 47% equity at a debt rate of 5.15% determined using an allocation factor that includes newly regulated hydro assets (Ex C1-1-2 Table 1 line 12 col c) and Ex C1-1-3 Table 1 line 16 col c).
- Regulatory Earnings Before Tax for 2014 and 2015 are calculated as follows:

Line No.	Item	Reference	2014	2015
1a	Requested After Tax Return on Equity	Ex. N2-1-1, Table 1, line 12, cols. (d) and (e)	110.5	113.2
2a	Less: Bruce Lease Net Revenues	Not applicable to Newly Regulated Hydroelectric Facilities	0.0	0.0
3a	Single Payment Amounts Adjustment		(21.5)	21.5
4a		line 1a - line 2a + line 3a	89.0	134.7
5a	Additions for Regulatory Tax Purposes	line 11	127.8	125.4
6a	Deductions for Regulatory Tax Purposes	line 20	124.2	129.4
7a	Net Additions for Regulatory Tax Purposes	line 4a + line 5a - line 6a	92.6	130.8
8a	Regulatory Income Taxes - Federal	(line 7a + line 24) x line 26 / (1 - line 29)	18.4	26.0
9a	Regulatory Income Taxes - Provincial	(line 7a + line 24) x (lines 27 + 28) / (1 - line 29)	12.3	17.4
10a	Regulatory Income Taxes - SR&ED Investment Tax Credits	line 24	(0.7)	(0.7)
11a	Total Regulatory Income Taxes	line 8a + line 9a + line 10a	29.9	42.7
12a	Requested After Tax Return on Equity	line 1a	110.5	113.2
13a	Less: Bruce Lease Net Revenues	line 2a	0.0	0.0
14a	Add: Total Regulatory Income Taxes	line 11a	29.9	42.7
15a	Single Payment Amounts Adjustment		(21.5)	21.5
16a	Regulatory Earnings Before Tax	lines 12a - 13a + 14a + 15a	118.9	177.4